

# **Expenses Policy**

- 1 Keith Breckell will talk to his paper attached**
- 2 Consideration of the payment of Child Care Allowance, etc.**
- 3 Consideration of an expense policy for Non-Council Members and Staff**

## **Health Professionals Council**

### **Council members allowances and expenses.**

Guidance has been issued by the Department of Health in respect of payments to be made to the President and members of the Shadow Health Professions Council in respect of travelling and other allowances during the period of its existence from 1 May 2001 to 31 March 2002.

It is understood that the guidance is to be implemented in respect of the President and members of the Health Professions Council with effect from 1 April 2002.

The guidance details circumstances under which allowances and expenses would be paid together with the rates of payment. Under subparagraph 6-Allowances the guidance anticipates three specific types of allowance payment are detailed:

6.1 Attendance Allowance paid when the President or a member is unwaged at a rate of £260 per day for attendance at council meetings.

6.2 Financial Loss Allowance paid when the President or member is self-employed to reimburse loss of earnings (excluding casual overtime earnings) resulting from attendance at council meeting at a rate of the lower of the actual certified loss of earnings or £260 per day.

6.3 Deputising Allowance paid where the President or member is employed and is paid to the individuals employer to cover the necessary absence to attend at Council meetings payable at the lower of the actual costs of employing a deputy or £260 per day. NHS employers are expected to allow paid time off for public duties.

In addition at 6.5 of the guidance it is noted that remuneration is taxable and subject to National Insurance Contribution for which individuals or employers are personal responsible.

Inland Revenue have their own internal guidance on the treatment of Financial Loss Allowance paid under the terms of the Department of Health guidelines as follows:

#### **Employed**

Where an individual is employed and the payment is calculated to no more than replace the salary that the recipient would otherwise have received from their employer then the Financial Loss Allowance is not taxable as remuneration from an employment. If however, the payment is in excess of the amount that the individual would have received then this would be liable to income tax and National Insurance Contributions.

#### **Self-Employed**

Where an individual is self employed the Financial Loss Allowance paid is to be taken into account as a normal receipt of the trade or profession as being an

allowance to compensate for loss of profit. The payment is liable to income tax and if appropriate National Insurance Contributions in the hands of the recipient.

Where a payment is made directly to an individual which is not covered by either of the circumstances referred to above this should be paid through the payroll in the normal way and be liable to withholding deductions of income tax and National Insurance Contributions.

Where the payment is made directly to an employer to recompense for salary paid to an employee this would be paid gross to the employer on production of an invoice. This would have no impact for income tax and National Insurance purposes on either HPC or the individual personally.

Expense payments made by CPSM to the voluntary and unpaid President or members for attendance at meetings would, to the extent that it is reimbursement of legitimate expenses, have been paid without deduction of income tax or national insurance contributions. This treatment would continue where Financial Loss Allowances is paid however, in all other circumstances the normal criteria should be used to determine whether the individual has been obliged to incur;

qualifying travelling expenses, or

other expenses which are wholly and exclusively and necessarily incurred in the performances of the duties of the office.

If this latter test cannot be satisfied then liability to income tax and national insurance contributions in respect of the expenses will arise.

## **Health Professionals Council**

### **Payments for assessment and approval**

HPC engage professionals to assess applicants for registration and, review courses within educational establishments for approval as providers for professional qualifications. The following is a summary of the procedure for engagement and duties performed as provided by HPC at the meeting on 9 April 2002 together with the tax/NIC treatment.

#### **Assessors**

Assessors are paid £30 per assessment irrespective of the amount of work involved within that assessment. Assessments are issued to the assessors weekly and are expected to be returned completed within ten working days. The assessors are individually appointed, responsible for processing the applications and cannot provide substitutes to do this on their behalf. Should an assessor refuse to undertake an assessment they would not be provided with further work and would be asked to resign from the panel of assessors.

#### **Comment**

Whilst payment of a single fee, lack of supervision and use of own premises/equipment are indicative of self-employment there are equally strong indications of an employment relationship. The inability to provide a substitute to undertake the work is indicative of a personal contract. The expectation that all work given will be undertaken with the immediate cessation of future work should an assessment be refused creates an obligation upon the part of the individual to do the work provided.

On the information provided it is considered that a challenge could be mounted by the Inland Revenue that the individuals are home based employees. It is recommended that a review be undertaken of the arrangements within HPC for engagement of assessors within the different professions as well as discussion with assessors as to how they view the relationship with HPC before coming to a final decision on the tax/NIC treatment.

#### **Interviewers**

Should it be considered necessary for an applicant to be interviewed this would be arranged at Kennington Park Road or another venue if outside London. The assessor would act as interviewer or attend the registration committee meeting where the interview is conducted for which they would be paid a fee of £30.

#### **Comment**

Payment of assessors to conduct interviews in connection with applications that they have reviewed would follow the same treatment as for the payment of the fee to the assessor for reviewing the application.

## **Visitors**

It is necessary to undertake visits to educational establishments conducting courses leading to professional qualifications to assess the quality of the course and the establishment to ensure that the accommodation and facilities are adequate. Visitors are usually respected members of that profession who make themselves available to conduct visits but who only do so if they do not have any other commitments. They are free to refuse to conduct a visit that would not effect future requests being made for them to undertake visits.

Payment is made to visitors on the basis £25 per day for employed and up to £100 per day to self-employed individuals. These would appear to be on the same basis as the Department of Health Loss of Earnings Allowance.

## **Comments**

There would not appear to be any employment relationship between the visitors and CPSM/HPC, therefore, payments would be made to these individuals without deduction of income tax or National Insurance Contributions.

## **Administrators**

Administrators accompany visitors and prepare the report on behalf of the clinicians and academics undertaking the visits. They would prepare the draft report amend/edit the final version and attend the meeting for presentation of the report to Council.

Fees would be charged on a daily basis equivalent to 1/250th of an Assistant Registrar salary per day plus expenses.

There is no obligation upon the administrators to undertake a visit and refusal would not affect being offered visits in the future.

Reports are produced outside of CPSM/HPC facilities and submitted once the academics and clinicians are happy with the report.

## **Comment**

There would not appear to be an employee relationship between CPSM and HPC in connection with the engagement of administrators.

## **Conclusion**

The comments above are based upon the information provided at the meeting on 9 April 2002. It is recommended that the detail relating to each of the various groups of people be reviewed by personnel from the different professions responsible for registration and approval within to ensure that the facts as provided are correct as this may have an impact upon the advice given.